

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2492**

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**Introduced by Assembly Member Ammiano**

February 19, 2010

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~~An act relating to taxation.~~ *An act to amend Sections 62, 64, and 65.1 of, and to add Sections 64.1 and 64.5 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2492, as amended, Ammiano. Property taxation: change in ownership.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975–76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. Existing property tax law specifies those circumstances in which the transfer of ownership interests in a corporation, partnership, limited liability company, or other legal entity results in a change in ownership of the real property owned by that entity, and generally provides that a change in ownership as so described occurs when a legal entity or other person obtains a controlling or majority ownership interest in the legal entity. *Existing law also specifies other circumstances in which certain transfers of ownership interests in legal entities result in a change in ownership of the real property owned by those legal entities.*

~~This bill would, pursuant to legislative findings and declarations, state the intent of the Legislature to enact a program to specify those~~

~~circumstances under which nonresidential commercial and industrial property undergoes a change in ownership, to ensure that all real property is assessed at fair market value when that real property undergoes a change in ownership~~ *instead specify that when ownership interests in a legal entity, as defined, are transferred, the real property directly or indirectly owned by that legal entity has changed ownership in proportion to that portion of the ownership interests in the entity that were transferred. This bill would also provide that all of the real property owned by a legal entity in the state has undergone a change in ownership when over 50% of the ownership interests in that entity have been transferred, as specified. This bill would also specify, in the case of a publicly traded company, that all of the real property owned by the company in the state has undergone a change in ownership when over 50% of the ownership interests in that company have been transferred. This bill would establish a rebuttable presumption that, as of January 1, 2011, and on January 1 of each 3rd fiscal year thereafter, all of the real property owned by a publicly traded company in the state has undergone a change in ownership. This bill would require local assessors to notify a publicly traded company of this presumption and allow an assessee or an assessor to rebut this presumption in a specified manner. This bill would also require the State Board of Equalization to promulgate regulations to implement these provisions.*

*This bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.*

*By requiring local assessors to notify publicly traded companies of the rebuttable presumption described above, this bill would impose a state-mandated local program.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.*

*This bill would take effect immediately as a tax levy.*

Vote: ~~majority~~ $\frac{2}{3}$ . Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. The Legislature finds and declares all of the  
2 following:

3     (a) For ad valorem property taxation purposes, the California  
4 Constitution generally limits annual increases in the assessed  
5 taxable value of real property to 2 percent of the property's adjusted  
6 base year value, but requires that real property be reassessed at its  
7 full cash value when that real property undergoes a change in  
8 ownership.

9     (b) These rules provide a necessary protection for real property  
10 owners when land values rise more rapidly than income.

11     (c) Because of difficulties in identifying changes in ownership  
12 of certain nonresidential commercial and industrial properties,  
13 these properties often escape reassessment at full market value  
14 upon a change in ownership.

15     (d) As a result of these assessment anomalies, despite rapid  
16 economic growth during the 1990s which increased the value of  
17 nonresidential commercial and industrial properties, the share of  
18 real property taxes paid by nonresidential commercial and industrial  
19 property owners decreased, while the share of real property taxes  
20 paid by residential property owners (e.g. homeowners) increased.

21     (e) Failure to capture the rising land values of nonresidential  
22 commercial and industrial properties that have undergone a change  
23 in ownership has a range of negative consequences, including, but  
24 not limited to:

25     (1) Hampering the ability of local governments to build new  
26 infrastructure and provide vital services.

27     (2) Imposing a disproportionate property tax burden on newly  
28 constructed properties when compared to existing properties.

29     (3) Encouraging local governments to foster sales tax-generating  
30 retail development rather than fostering job-creating investments  
31 such as manufacturing.

32     (f) Therefore, it is the intent of the Legislature to enact a  
33 program to specify those circumstances under which nonresidential  
34 commercial and industrial property undergoes a change in  
35 ownership, to ensure that all real property is assessed at fair market  
36 value when that real property undergoes a change in ownership.

37     SEC. 2. *Section 62 of the Revenue and Taxation Code is*  
38 *amended to read:*

62. Change in ownership ~~shall~~ *does* not include:

(a) (1) Any transfer between coowners that results in a change in the method of holding title to the real property transferred without changing the proportional interests of the coowners in that real property, such as a partition of a tenancy in common.

(2) Any transfer between an individual or individuals and a legal entity or between legal entities, such as a cotenancy to a partnership, a partnership to a corporation, or a trust to a cotenancy, that results solely in a change in the method of holding title to the real property and in which proportional ownership interests of the transferors and transferees, whether represented by stock, partnership interest, or otherwise, in each and every piece of real property transferred, remain the same after the transfer. ~~The provisions of this~~ *This* paragraph shall not apply to transfers also excluded from change in ownership under the provisions of subdivision ~~(b)~~ *(e)* of Section 64.

(b) Any transfer for the purpose of perfecting title to the property.

(c) (1) The creation, assignment, termination, or reconveyance of a security interest; or (2) the substitution of a trustee under a security instrument.

(d) Any transfer by the trustor, or by the trustor's spouse or registered domestic partner, or by both, into a trust for so long as (1) the transferor is the present beneficiary of the trust, or (2) the trust is revocable; or any transfer by a trustee of such a trust described in either clause (1) or (2) back to the trustor; or, any creation or termination of a trust in which the trustor retains the reversion and in which the interest of others does not exceed 12 years duration.

(e) Any transfer by an instrument whose terms reserve to the transferor an estate for years or an estate for life. However, the termination of such an estate for years or estate for life shall constitute a change in ownership, except as provided in subdivision (d) and in Section 63.

(f) The creation or transfer of a joint tenancy interest if the transferor, after the creation or transfer, is one of the joint tenants as provided in subdivision (b) of Section 65.

(g) Any transfer of a lessor's interest in taxable real property subject to a lease with a remaining term (including renewal options) of 35 years or more. For the purpose of this subdivision, for

1 1979–80 and each year thereafter, it shall be conclusively presumed  
2 that all homes eligible for the homeowners’ exemption, other than  
3 manufactured homes located on rented or leased land and subject  
4 to taxation pursuant to Part 13 (commencing with Section 5800)  
5 and floating homes subject to taxation pursuant to Section 229,  
6 that are on leased land have a renewal option of at least 35 years  
7 on the lease of that land, whether or not in fact that renewal option  
8 exists in any contract or agreement.

9 (h) Any purchase, redemption, or other transfer of the shares or  
10 units of participation of a group trust, pooled fund, common trust  
11 fund, or other collective investment fund established by a financial  
12 institution.

13 (i) Any transfer of stock or membership certificate in a housing  
14 cooperative that was financed under one mortgage, provided that  
15 mortgage was insured under Section 213, 221(d)(3), 221(d)(4), or  
16 236 of the National Housing Act, as amended, or that housing  
17 cooperative was financed or assisted pursuant to Section 514, 515,  
18 or 516 of the Housing Act of 1949 or Section 202 of the Housing  
19 Act of 1959, or the housing cooperative was financed by a direct  
20 loan from the California Housing Finance Agency, and provided  
21 that the regulatory and occupancy agreements were approved by  
22 the governmental lender or insurer, and provided that the transfer  
23 is to the housing cooperative or to a person or family qualifying  
24 for purchase by reason of limited income. Any subsequent transfer  
25 from the housing cooperative to a person or family not eligible for  
26 state or federal assistance in reduction of monthly carrying charges  
27 or interest reduction assistance by reason of the income level of  
28 that person or family shall constitute a change of ownership.

29 (j) Any transfer during the period March 1, 1975, to March 1,  
30 1981, between coowners in any property that was held by them as  
31 coowners for all or part of that period, and which was eligible for  
32 a homeowner’s exemption during the period of the coownership,  
33 notwithstanding any other provision of this chapter. Any transferee  
34 whose interest was revalued in contravention of the provisions of  
35 this subdivision shall obtain a reversal of that revaluation with  
36 respect to the 1980–81 assessment year and thereafter, upon  
37 application to the county assessor of the county in which the  
38 property is located filed on or before March 26, 1982. No refunds  
39 shall be made under this subdivision for any assessment year prior  
40 to the 1980–81 fiscal year.

(k) Any transfer of property or an interest therein between a corporation sole, a religious corporation, a public benefit corporation, and a holding corporation as defined in Section 23701h holding title for the benefit of any of these corporations, or any combination thereof (including any transfer from one entity to the same type of entity), provided that both the transferee and transferor are regulated by laws, rules, regulations, or canons of the same religious denomination.

(l) Any transfer, that would otherwise be a transfer subject to reappraisal under this chapter, between or among the same parties for the purpose of correcting or reforming a deed to express the true intentions of the parties, provided that the original relationship between the grantor and grantee is not changed.

(m) Any intrafamily transfer of an eligible dwelling unit from a parent or parents or legal guardian or guardians to a minor child or children or between or among minor siblings as a result of a court order or judicial decree due to the death of the parent or parents. As used in this subdivision, “eligible dwelling unit” means the dwelling unit that was the principal place of residence of the minor child or children prior to the transfer and remains the principal place of residence of the minor child or children after the transfer.

(n) Any transfer of an eligible dwelling unit, whether by will, devise, or inheritance, from a parent or parents to a child or children, or from a guardian or guardians to a ward or wards, if the child, children, ward, or wards have been disabled, as provided in subdivision (e) of Section 12304 of the Welfare and Institutions Code, for at least five years preceding the transfer and if the child, children, ward, or wards have adjusted gross income that, when combined with the adjusted gross income of a spouse or spouses, parent or parents, and child or children, does not exceed twenty thousand dollars (\$20,000) in the year in which the transfer occurs. As used in this subdivision, “child” or “ward” includes a minor or an adult. As used in this subdivision, “eligible dwelling unit” means the dwelling unit that was the principal place of residence of the child or children, or ward or wards for at least five years preceding the transfer and remains the principal place of residence of the child or children, or ward or wards after the transfer. Any transferee whose property was reassessed in contravention of the provisions of this subdivision for the 1984–85 assessment year shall obtain

1 a reversal of that reassessment upon application to the county  
2 assessor of the county in which the property is located. Application  
3 by the transferee shall be made to the assessor no later than 30  
4 days after the later of either the transferee's receipt of notice of  
5 reassessment pursuant to Section 75.31 or the end of the 1984–85  
6 fiscal year.

7 (o) Any transfer of a possessory interest in tax-exempt real  
8 property subject to a sublease with a remaining term, including  
9 renewal options, that exceeds half the length of the remaining term  
10 of the leasehold, including renewal options.

11 (p) (1) Commencing on January 1, 2000, any transfer between  
12 registered domestic partners, as defined in Section 297 of the  
13 Family Code, including, but not limited to:

14 (A) Transfers to a trustee for the beneficial use of a registered  
15 domestic partner, or the surviving registered domestic partner of  
16 a deceased transferor, or by a trustee of such a trust to the registered  
17 domestic partner of the trustor.

18 (B) Transfers that take effect upon the death of a registered  
19 domestic partner.

20 (C) Transfers to a registered domestic partner or former  
21 registered domestic partner in connection with a property settlement  
22 agreement or decree of dissolution of a registered domestic  
23 partnership or legal separation.

24 (D) The creation, transfer, or termination, solely between  
25 registered domestic partners, of any coowner's interest.

26 (E) The distribution of a legal entity's property to a registered  
27 domestic partner or former registered domestic partner in exchange  
28 for the interest of the registered domestic partner in the legal entity  
29 in connection with a property settlement agreement or a decree of  
30 dissolution of a registered domestic partnership or legal separation.

31 (2) Any transferee whose property was reassessed in  
32 contravention of the provisions of this subdivision for a transfer  
33 occurring between January 1, 2000, and January 1, 2006, shall  
34 obtain a reversal of that reassessment upon application to the  
35 county assessor of the county in which the property is located.  
36 Application by the transferee shall be made to the assessor no later  
37 than June 30, 2009. A county may charge a fee for its costs related  
38 to the application and reassessment reversal in an amount that does  
39 not exceed the actual costs incurred. This paragraph shall be  
40 liberally construed to provide the benefits of this subdivision and

1 Article XIII A of the California Constitution to registered domestic  
2 partners.

3 (A) After consultation with the California Assessors'  
4 Association, the State Board of Equalization shall prescribe the  
5 form for claiming the reassessment reversal described in paragraph  
6 (2). The claim form shall be entitled "Claim for Reassessment  
7 Reversal for Registered Domestic Partners." The claim shall state  
8 on its face that a "certificate of registered domestic partnership"  
9 is available upon request from the California Secretary of State.

10 (B) The information on the claim shall include a description of  
11 the property, the parties to the transfer of interest in the property,  
12 the date of the transfer of interest in the property, and a statement  
13 that the transferee registered domestic partner and the transferor  
14 registered domestic partner were, on the date of transfer, in a  
15 registered domestic partnership as defined in Section 297 of the  
16 Family Code.

17 (C) The claimant shall declare that the information provided on  
18 the form is true, correct, and complete to the best of his or her  
19 knowledge and belief.

20 (D) The claimant shall provide with the completed claim the  
21 "Certificate of Registered Domestic Partnership," or photocopy  
22 thereof, naming the transferee and transferor as registered domestic  
23 partners and reflecting the creation of the registered domestic  
24 partnership on a date prior to, or concurrent with, the date of the  
25 transfer for which a reassessment reversal is requested.

26 (E) Any reassessment reversal granted pursuant to a claim shall  
27 apply commencing with the lien date of the assessment year, as  
28 defined in Section 118, in which the claim is filed. No refunds  
29 shall be made under this paragraph for any prior assessment year.

30 (F) Under any reassessment reversal granted pursuant to that  
31 claim, the adjusted full cash value of the subject real property in  
32 the assessment year described in subparagraph (E) shall be the  
33 adjusted base year value of the subject real property in the  
34 assessment year in which the excluded purchase or transfer took  
35 place, factored to the assessment year described in subparagraph  
36 (E) for both of the following:

37 (i) Inflation as annually determined in accordance with  
38 paragraph (1) of subdivision (a) of Section 51.

39 (ii) Any subsequent new construction occurring with respect to  
40 the subject real property.

1 SEC. 3. Section 64 of the Revenue and Taxation Code is  
2 amended to read:

3 64. (a) ~~Except~~ For purposes of this section, the following  
4 definitions apply:

5 (1) "Legal entity" means a corporation, a partnership, a limited  
6 liability company, or other legal entity, but does not include a  
7 publicly traded company.

8 (2) "Publicly traded company" means a corporation or other  
9 entity that meets both of the following conditions:

10 (A) The corporation or entity is subject to the filing requirements  
11 of the United States Securities and Exchange Commission.

12 (B) The corporation or entity directly or indirectly owns an  
13 interest in real property in California.

14 (3) "Ownership interest" means corporate voting stock,  
15 partnership capital and profits interests, limited liability company  
16 membership interests, and other ownership interests in legal  
17 entities and publicly traded companies.

18 (4) "Directly owned" means that the legal entity or publicly  
19 traded company has an interest in real property that constitutes  
20 ownership for change in ownership purposes.

21 (5) "Indirectly owned" means that the legal entity or publicly  
22 traded company has an ownership interest in another legal entity  
23 or publicly traded company that has an interest in real property  
24 that constitutes ownership for change in ownership purposes.

25 (b) ~~Except as provided in subdivision (i) of Section 61 and~~  
26 ~~subdivisions (c) and (d) of this section, the purchase or transfer of~~  
27 ~~ownership interests in legal entities, such as corporate stock or~~  
28 ~~partnership or limited liability company interests, shall not be~~  
29 ~~deemed to constitute a transfer of the real property of the legal~~  
30 ~~entity~~ a legal entity or a publicly traded company does not  
31 constitute a transfer of the real property directly or indirectly  
32 owned by a legal entity or publicly traded company. This  
33 subdivision ~~is applicable~~ applies to the purchase or transfer of  
34 ownership interests in a partnership without regard to whether it  
35 is a continuing or a dissolved partnership.

36 (c) (1) (A) Except as provided in paragraph (2), the transfer  
37 of ownership interests in a legal entity constitutes a change in  
38 ownership of the real property directly or indirectly owned by the  
39 legal entity in the same proportion as that represented by the ratio

1 of the transferred ownership interests to the total ownership  
2 interests in the legal entity.

3 (B) Transfers of different ownership interests in a legal entity  
4 shall be accumulated each assessment year and a new base year  
5 value shall be established as of the following lien date for the real  
6 property interests that have undergone a change in ownership for  
7 that assessment year.

8 (2) For purposes of this subdivision, both of the following apply:

9 (A) When the transfer of different ownership interests in a legal  
10 entity represents, cumulatively in any assessment year or in  
11 multiple assessment years, more than 50 percent of the total  
12 ownership interests in that legal entity, all of the real property  
13 directly or indirectly owned by the legal entity in the state has  
14 undergone a change in ownership and a new base year value shall  
15 be established for the real property as of the following lien date.

16 (B) The transfer of ownership interests in a legal entity during  
17 an assessment year, or as accumulated over multiple assessment  
18 years, that represents, when transferred, less than 10 percent of  
19 the ownership interests in the legal entity and that have a fair  
20 market value of less than one hundred thousand dollars (\$100,000),  
21 does not constitute a change in ownership of the real property  
22 interests directly or indirectly owned by the legal entity.

23 (d) (1) (A) Except as provided in subdivision (e), the transfer  
24 of cumulatively more than 50 percent of the ownership interests  
25 in a publicly traded company results in a change in ownership of  
26 all of the real property directly or indirectly owned by the publicly  
27 traded company in the state and a new base year value shall be  
28 established for the real property as of the date of the transfer of  
29 cumulatively more than 50 percent of the ownership interests in  
30 the company.

31 (B) For purposes of determining whether a change in ownership,  
32 as described in this subdivision, of a publicly traded company's  
33 real property has occurred, it is conclusively presumed that a  
34 single, individual share of voting stock or any other ownership  
35 interest in a publicly traded company is transferred only once  
36 subsequent to the most recent change in ownership of the real  
37 property directly or indirectly owned by that publicly traded  
38 company.

39 (2) For the 2011–12 fiscal year, it is rebuttably presumed that,  
40 as of January 1, 2011, the real property directly or indirectly

1 *owned by each publicly traded company has undergone a change*  
2 *in ownership, as described in this subdivision, since January 1,*  
3 *2008. There is a further rebuttable presumption that a change in*  
4 *ownership, as described in this subdivision, occurs as of January*  
5 *1, 2014, and every three years thereafter. The assessor or assessee*  
6 *may rebut these presumptions in the manner described in Section*  
7 *64.1.*

8 ~~(b)~~

9 (e) Any corporate reorganization, where all of the corporations  
10 involved are members of an affiliated group, and that qualifies as  
11 a reorganization under Section 368 of the United States Internal  
12 Revenue Code and that is accepted as a nontaxable event by similar  
13 California statutes, or any transfer of real property among members  
14 of an affiliated group, or any reorganization of farm credit  
15 institutions pursuant to the federal Farm Credit Act of 1971 (Public  
16 Law 92-181), as amended, shall not be a change of ownership.  
17 The taxpayer shall furnish proof, under penalty of perjury, to the  
18 assessor that the transfer meets the requirements of this subdivision.

19 For purposes of this subdivision, “affiliated group” means one  
20 or more chains of corporations connected through stock ownership  
21 with a common parent corporation if both of the following  
22 conditions are met:

23 (1) One hundred percent of the voting stock, exclusive of any  
24 share owned by directors, of each of the corporations, except the  
25 parent corporation, is owned by one or more of the other  
26 corporations.

27 (2) The common parent corporation owns, directly, 100 percent  
28 of the voting stock, exclusive of any shares owned by directors,  
29 of at least one of the other corporations.

30 ~~(e) (1) When a corporation, partnership, limited liability~~  
31 ~~company, other legal entity, or any other person obtains control~~  
32 ~~through direct or indirect ownership or control of more than 50~~  
33 ~~percent of the voting stock of any corporation, or obtains a majority~~  
34 ~~ownership interest in any partnership, limited liability company,~~  
35 ~~or other legal entity through the purchase or transfer of corporate~~  
36 ~~stock, partnership, or limited liability company interest, or~~  
37 ~~ownership interests in other legal entities, including any purchase~~  
38 ~~or transfer of 50 percent or less of the ownership interest through~~  
39 ~~which control or a majority ownership interest is obtained, the~~  
40 ~~purchase or transfer of that stock or other interest shall be a change~~

1 of ownership of the real property owned by the corporation,  
2 partnership, limited liability company, or other legal entity in which  
3 the controlling interest is obtained.

4 (2) On or after January 1, 1996, when an owner of a majority  
5 ownership interest in any partnership obtains all of the remaining  
6 ownership interests in that partnership or otherwise becomes the  
7 sole partner, the purchase or transfer of the minority interests,  
8 subject to the appropriate application of the step-transaction  
9 doctrine, shall not be a change in ownership of the real property  
10 owned by the partnership.

11 (d) If property is transferred on or after March 1, 1975, to a  
12 legal entity in a transaction excluded from change in ownership  
13 by paragraph (2) of subdivision (a) of Section 62, then the persons  
14 holding ownership interests in that legal entity immediately after  
15 the transfer shall be considered the “original coowners.” Whenever  
16 shares or other ownership interests representing cumulatively more  
17 than 50 percent of the total interests in the entity are transferred  
18 by any of the original coowners in one or more transactions, a  
19 change in ownership of that real property owned by the legal entity  
20 shall have occurred, and the property that was previously excluded  
21 from change in ownership under the provisions of paragraph (2)  
22 of subdivision (a) of Section 62 shall be reappraised.

23 The date of reappraisal shall be the date of the transfer of the  
24 ownership interest representing individually or cumulatively more  
25 than 50 percent of the interests in the entity.

26 A transfer of shares or other ownership interests that results in  
27 a change in control of a corporation, partnership, limited liability  
28 company, or any other legal entity is subject to reappraisal as  
29 provided in subdivision (e) rather than this subdivision.

30 (e)

31 (f) To assist in the determination of whether a change of  
32 ownership has occurred under subdivisions (c) and (d), the  
33 Franchise Tax Board shall include a question in substantially the  
34 following form on returns for partnerships, banks, and corporations  
35 (except tax-exempt organizations):

36 If the corporation (or partnership or limited liability company)  
37 owns real property in California, has cumulatively more than 50  
38 percent of the voting stock (or more than 50 percent of total interest  
39 in both partnership or limited liability company capital and  
40 partnership or limited liability company profits) (1) been transferred

1 ~~by the corporation (or partnership or limited liability company)~~  
2 ~~since March 1, 1975, or (2) been acquired by another legal entity~~  
3 ~~or person during the year? (See instructions.)~~

4 ~~If the entity answers “yes” to (1) or (2) in the above question,~~  
5 ~~then the Franchise Tax Board shall furnish the names and addresses~~  
6 ~~of that entity and of the stock or partnership or limited liability~~  
7 ~~company ownership interest transferees to the State Board of~~  
8 ~~Equalization legal entities and publicly traded companies:~~

9 *“If the legal entity or publicly traded company owns or leases*  
10 *real property in California, have any ownership interests in the*  
11 *legal entity or publicly traded company been transferred since the*  
12 *last change in ownership of the real property directly or indirectly*  
13 *controlled by the legal entity or corporation?”*

14 *If the legal entity or publicly traded company answers “yes” to*  
15 *the above question or does not respond, the Franchise Tax Board*  
16 *shall furnish to the State Board of Equalization the name and*  
17 *address of the legal entity or publicly traded company and, if*  
18 *known, the names and addresses of the ownership interest*  
19 *transferees.*

20 *(g) The State Board of Equalization shall promulgate regulations*  
21 *to implement this section.*

22 *SEC. 4. Section 64.1 is added to the Revenue and Taxation*  
23 *Code, to read:*

24 *64.1. (a) (1) A publicly traded company may rebut the*  
25 *presumption set forth in paragraph (2) of subdivision (d) of Section*  
26 *64 that the real property directly or indirectly owned by the*  
27 *company has undergone a change in ownership, as described in*  
28 *subdivision (d) of Section 64, by submitting to the assessor, on or*  
29 *before 60 days after the mailing date of a “Notice of Deemed*  
30 *Change in Ownership and Proposed Reappraisal” as described*  
31 *in Section 64.5, either of the following:*

32 *(A) A statement certifying under penalty of perjury that the real*  
33 *property directly or indirectly owned by the company in the county*  
34 *has not undergone a change in ownership, as described in*  
35 *subdivision (d) of Section 64.*

36 *(B) Evidence that demonstrates, by a preponderance, that the*  
37 *real property directly or indirectly owned by the company in the*  
38 *county has not undergone a change in ownership, as described in*  
39 *subdivision (d) of Section 64. On or before 60 days after the*  
40 *publicly traded company submits evidence pursuant to this*

1 *subparagraph, the assessor shall determine and notify the publicly*  
2 *traded company regarding whether the presumption has been*  
3 *rebutted.*

4 *(2) If a publicly traded company willfully misrepresents, either*  
5 *in the statement described in subparagraph (A) of paragraph (1)*  
6 *or in the evidence provided to the assessor pursuant to*  
7 *subparagraph (B) of that paragraph, that a change in ownership*  
8 *as described in subdivision (d) of Section 64 has not occurred,*  
9 *that company shall pay a penalty equal to the greater of (A) two*  
10 *thousand five hundred dollars (\$2,500) on each property directly*  
11 *or indirectly owned by the company in the county, or (B) 25 percent*  
12 *of the current year's taxes on the real property directly or*  
13 *indirectly owned by the company in the county. This penalty shall*  
14 *be added to the assessment roll, be collected in the same manner*  
15 *as any other delinquent property taxes, and is subject to the same*  
16 *penalties for nonpayment.*

17 *(b) The assessor may rebut the presumption that the real*  
18 *property directly or indirectly owned by a publicly traded company*  
19 *has undergone a change in ownership by submitting to the*  
20 *assessee, on or before 60 days after the mailing date of a "Notice*  
21 *of Deemed Change in Ownership and Proposed Reappraisal" as*  
22 *described in Section 64.5, evidence that, in the view of the assessor,*  
23 *demonstrates by a preponderance that the real property directly*  
24 *or indirectly owned by the company in the county has not*  
25 *undergone a change in ownership, as described in subdivision (d)*  
26 *of Section 64.*

27 *(c) (1) The real property directly or indirectly owned by a*  
28 *publicly traded company has undergone a change in ownership*  
29 *and the assessor shall reappraise the real property directly or*  
30 *indirectly owned by the publicly traded company and establish a*  
31 *new base year value for that real property if one of the following*  
32 *applies:*

33 *(A) The publicly traded company does not provide the statement*  
34 *or evidence described in subdivision (a) within the time period*  
35 *specified in that subdivision.*

36 *(B) The assessor determines that the evidence submitted by the*  
37 *publicly traded company under subparagraph (B) of paragraph*  
38 *(1) of subdivision (a) has not rebutted the presumption by a*  
39 *preponderance of the evidence.*

40 *(2) For purposes of this subdivision:*

1 (A) The date of the change in ownership and the valuation date  
2 is the lien date of the fiscal year for which the rebuttable  
3 presumption applies. The assessor shall complete the reappraisal  
4 of the publicly traded company's real property within three years  
5 of the valuation date for which the change in ownership occurred.

6 (B) The new base year value shall be enrolled as of the valuation  
7 date and there will be one supplemental assessment placed on the  
8 supplemental roll and the assessee will receive one notice of  
9 supplemental assessment as otherwise provided by law.

10 (C) If the new base year value resulting from the reappraisal  
11 of the real property directly or indirectly owned by the publicly  
12 traded company, as a result of a change in ownership as described  
13 in subdivision (d) of Section 64, is less than the former base year  
14 value, appropriate cancellations or refunds of tax shall be granted  
15 in accordance with this division. If the new base year value is  
16 greater than the former base year value, appropriate escape  
17 assessments shall be imposed in accordance with this division.

18 (d) The State Board of Equalization shall promulgate regulations  
19 to implement this section and shall develop and make available to  
20 assessors and assesseees a form to be used to rebut the presumption  
21 described in paragraph (2) of subdivision (d) of Section 64.

22 SEC. 5. Section 64.5 is added to the Revenue and Taxation  
23 Code, to read:

24 64.5. On or before January 31, 2011, and on or before 30 days  
25 prior to the lien date of each fiscal year thereafter for which the  
26 rebuttable presumption specified in paragraph (2) of subdivision  
27 (d) of Section 64 applies, the assessor shall provide a written  
28 "Notice of Deemed Change in Ownership and Proposed  
29 Reappraisal," as developed by the State Board of Equalization,  
30 to each publicly traded company that directly or indirectly owns  
31 taxable real property in the county. The title of this notice shall  
32 be printed in at least 12-point boldface type and the body of this  
33 notice shall be printed in at least 8-point boldface type, in  
34 substantially the following form:

35  
36 "Notice of Deemed Change in Ownership and Proposed  
37 Reappraisal"  
38

39 "(a) There exists a rebuttable presumption that cumulatively  
40 more than 50 percent of the total ownership interests in a publicly

1 *traded company have been transferred since the last change in*  
2 *ownership of the company's real property which results in a change*  
3 *in ownership of all of the real property directly or indirectly owned*  
4 *by that company.*

5 *(b) The assessor is required to reappraise all real property*  
6 *owned either directly or indirectly by the publicly traded company*  
7 *unless the company or the assessor rebuts the presumption no later*  
8 *than 60 days after the mailing date of this notice.*

9 *(c) (1) A publicly traded company may rebut the presumption*  
10 *that the real property directly or indirectly owned by the publicly*  
11 *traded company has undergone a change in ownership by*  
12 *submitting to the assessor within 60 days after the mailing date of*  
13 *this notice either of the following:*

14 *(A) A statement certifying under penalty of perjury that the real*  
15 *property directly or indirectly owned by the company in the county*  
16 *has not undergone a change in ownership, as described in*  
17 *subdivision (d) of Section 64 of the Revenue and Taxation Code.*

18 *(B) Evidence that demonstrates, by a preponderance, that the*  
19 *real property directly or indirectly owned by the company in the*  
20 *county has not undergone a change in ownership, as described in*  
21 *subdivision (d) of Section 64 of the Revenue and Taxation Code.*  
22 *On or before 60 days after the publicly traded company submits*  
23 *this evidence, the assessor shall determine and notify the publicly*  
24 *traded company regarding whether the presumption has been*  
25 *rebutted.*

26 *(2) If a publicly traded company willfully misrepresents, either*  
27 *in the statement described in paragraph (1) or in the information*  
28 *provided to the assessor pursuant to that paragraph, that a change*  
29 *in ownership as described in subdivision (d) of Section 64 of the*  
30 *Revenue and Taxation Code has not occurred, the company shall*  
31 *pay a penalty equal to the greater of (A) two thousand five hundred*  
32 *dollars (\$2,500) on each property directly or indirectly owned by*  
33 *the company in the county, or (B) 25 percent of the current year's*  
34 *taxes on the real property directly or indirectly owned by the*  
35 *company in the county. This penalty shall be added to the*  
36 *assessment roll and be collected like any other delinquent property*  
37 *taxes, and is subject to the same penalties for nonpayment.*

38 *(d) The assessor may rebut the presumption that the real*  
39 *property directly or indirectly owned by the publicly traded*  
40 *company has undergone a change in ownership by submitting to*

1 *the assessee, within 60 days after the mailing date of this notice,*  
2 *evidence that in the view of the assessor demonstrates, by a*  
3 *preponderance, that the real property directly or indirectly owned*  
4 *by the company in the county has not undergone a change in*  
5 *ownership, as described in subdivision (d) of Section 64 of the*  
6 *Revenue and Taxation Code.*

7 *(e) If the assessee or the assessor does not rebut the*  
8 *presumption, the assessor shall reappraise the real property*  
9 *directly or indirectly owned by the publicly traded company and*  
10 *establish a new base year value as of the lien date for the*  
11 *applicable fiscal year.”*

12 *SEC. 6. Section 65.1 of the Revenue and Taxation Code is*  
13 *amended to read:*

14 65.1. (a) Except for a joint tenancy interest described in  
15 subdivision (f) of Section 62 *and except as otherwise provided in*  
16 *Section 64*, when an interest in a portion of real property is  
17 purchased or changes ownership, only the interest or portion  
18 transferred shall be reappraised. ~~A~~ *Except as provided in Section*  
19 *64, a purchase or change in ownership of an interest with a market*  
20 *value of less than 5 percent of the value of the total property shall*  
21 *not be reappraised if the market value of the interest transferred*  
22 *is less than ten thousand dollars (\$10,000) provided, however, that*  
23 *transfers during any one assessment year shall be cumulated for*  
24 *the purpose of determining the percentage interests and value*  
25 *transferred.*

26 (b) (1) If a unit or lot within a cooperative housing corporation,  
27 community apartment project, condominium, planned unit  
28 development, shopping center, industrial park, or other residential,  
29 commercial, or industrial land subdivision complex with common  
30 areas or facilities is purchased or changes ownership, then only  
31 the unit or lot transferred and the share in the common area  
32 reserved as an appurtenance of ~~such~~ *the* unit or lot shall be  
33 reappraised.

34 ~~Notwithstanding~~

35 (2) *Notwithstanding* any other provision of law, the increase in  
36 property taxes resulting from ~~such~~ *this* reappraisal shall be applied  
37 by the owner of ~~such~~ *the* property to the tenant-shareholder, lessee,  
38 or occupant of ~~such~~ *the* individual unit or lot only, and shall not  
39 be prorated among all other units or lots of such property.

1     *SEC. 7. If the Commission on State Mandates determines that*  
2     *this act contains costs mandated by the state, reimbursement to*  
3     *local agencies and school districts for those costs shall be made*  
4     *pursuant to Part 7 (commencing with Section 17500) of Division*  
5     *4 of Title 2 of the Government Code.*

6     *SEC. 8. This act provides for a tax levy within the meaning of*  
7     *Article IV of the Constitution and shall go into immediate effect.*  
8     *However, the provisions of this act shall become operative on*  
9     *January 1, 2011.*